

Attachment 3

***Quality Assurance Surveillance Plan & Contractor
Payment Examples***

QUALITY ASSURANCE SURVEILLANCE PLAN
and
CONTRACTOR PAYMENT EXAMPLES
for
HOOVER DAM ON-SITE AND RESERVED TICKET SALES

NOTE: Historically, Government employees have been able to successfully meet or exceed these performance requirements every month.

1. PERFORMANCE REQUIREMENTS SUMMARY (PRS)

The PRS Chart at Attachment 1:

1.1 Lists those PWS requirements (column 1) which are paid for on the basis of a payment computation system specified in paragraph 4 of this attachment. The absence from this PRS of any contract requirement, however, shall not detract from its enforceability or limit the rights or remedies of the Government under any other provision of the contract, including the clauses entitled “Inspection of Services” and “Default”

1.2 Defines the standard of performance for each listed service (column 2).

1.3 Sets forth the maximum allowable deviation (maximum error rate) from perfect performance for each listed service, Performance Requirement (column 3), that may occur before the Government will invoke the payment computation formula resulting in a payment of less than 100 percent of the maximum payment of the listed service.

1.4 Sets forth the primary surveillance methods the Government will use to evaluate the PA’s performance in meeting the contract requirements (column 4).

1.5 Sets forth the percentage of the extended contract line item price that each listed contract requirement represents (column 5). Each contract line item must equal 100 percent.

2. GOVERNMENT QUALITY ASSURANCE

PA performance will be compared to the contract standards and performance requirements using the QASP.

2.1 The Government may use a variety of surveillance methods to evaluate the PA’s performance. Only one method will be used at a time to evaluate a listed service during an inspection period for payment computation purposes. The methods of surveillance that may be used are:

2.1.1 Random sampling of recurring service outputs using the Random Number Table included in section 6 of this plan.

2.1.2 Periodic surveillance of output items (daily, weekly, monthly, quarterly, semiannually, or annually) as determined necessary to ensure a sufficient evaluation of PA performance.

2.1.3 100% Inspection

2.1.4 Customer Complaints.

3. CRITERIA FOR EVALUATING PERFORMANCE

If the PA is a Contractor, performance of a listed service will be accepted and paid for at the maximum payment percentage specified in column 5 of the PRS, when the number of defects found by the COR during contract surveillance does not exceed the number of defects allowed by the performance requirement in column 3. When the maximum error rate (MER) is exceeded, the Contractor shall complete a Contract Discrepancy Report (CDR). The Contractor shall explain, in writing, why performance was unacceptable, how performance will be returned to acceptable levels, and how recurrence of the problem will be prevented in the future. The CO will evaluate the Contractor's explanation and determine if full payment, partial payment, or the contract termination process is applicable. The Contractor's payment for services rendered will be calculated as stated in paragraphs 4 and 5. The Government specifically reserves the right to make a temporary partial payment for services performed, calculated as stated in paragraphs 4 and 5, prior to receipt and evaluation of the Contractor's response to a CDR.

3.1 DETERMINING THE NUMBER OF DEFECTS THAT WILL CAUSE LESS THAN MAXIMUM PAYMENT

3.1.1 When the method of surveillance of a service is random sampling, the maximum error rate indicates the number of defects that, when exceeded, will result in the Contractor receiving less than maximum payment.

3.1.2 When the method of surveillance is not random sampling, the number of defects that will cause less than a maximum payment will be determined as follows:

3.1.2.1 If the maximum error rate is a constant number of defects (for example two defects), the maximum error rate plus one or more additional defect will cause less than maximum payment (for example, three defects).

3.1.2.2 If the performance requirement is a percentage value, it is multiplied by the lot size to determine the number of defects that will allow maximum payment. If the resulting value has a decimal, it will be rounded to the next higher whole number if the decimal is .5 or greater and to

the next lower whole number if the decimal is less than .5. One or more additional defects will cause less than the maximum payment.

3.2 ACCEPTANCE OF REPERFORMANCE OR LATE PERFORMANCE.

3.2.1 Except as otherwise provided by this Section 3.2, the services required by this contract are of such a nature that defective or incomplete performance disclosed by Government inspection is not subject to correction by reperformance or late performance, and the Contractor shall not be entitled to reperform, perform late, or otherwise correct defective services for the purpose of improving an existing inspection rating or avoiding payment of less than full contract price.

3.2.2 At the sole election of the Government, and upon notification to the PA, the PA may be required to reperform, or perform late, defective work disclosed by Government inspection including defective and incomplete performance. Where the Government so elects, the PA shall be notified promptly after inspection that specified defective services will be reperformed or performed late and completed within a reasonable time specified by the Government.

3.2.2.1 Where the Government requires reperformance or late performance solely of sample defective service disclosed by random sampling, the PA's original inspection results shall not be modified upon reinspection since the sample reflects only a portion of the service lot. Instead if the maximum error rate is exceeded for that performance period, any payment computation shall include a credit for reperformance or late performance of sample defective service during that period according to the payment computation method described in paragraph 4.2.1.1.

3.2.2.2 Where the Government requires reperformance or late performance of all defective service in a lot, the PA shall resubmit the entire service for reinspection. Upon reinspection, the original inspection results shall be revised to reflect the resubmitted service lot.

4. CONTRACTOR PAYMENT

4.1 If the number of performance defects does not exceed the number of defects allowed per the PRS, the Contractor shall be paid the percentage of the monthly contract line item price indicated in column 5 of the Performance Requirements Summary chart for that service.

4.1.1 Under random sampling, the lot size and sample size defined in paragraph 5 is used as the basis for surveillance. The formula for the payment computation for each service is also defined in paragraph 5.

4.2 If the number of performance defects exceeds the number of defects allowed per the PRS, the Government will not pay the full percentage in column 5 for the service.

4.2.1 The payment for listed services with defects which exceed the maximum error rate will be calculated as follows:

4.2.1.1 For service surveilled by sampling, with a percentage given for the maximum error rate, the maximum contract payment per month is multiplied by the maximum payment percentage for the service to determine the maximum payment for acceptable service. This payment is multiplied by the percentage of the sample found acceptable to determine the percentage of the contract price that the Contractor will be paid for the listed service. The total number of defects found, not just those in excess of the rejection level, are used to determine the percentage of the sample found unacceptable. The percentage of the sample found unacceptable subtracted from 100 percent determines the percentage of the lot found acceptable.

4.2.1.2 For services surveyed by periodic inspection, customer complaint, or 100% inspection, the calculation method to determine payment amount for the service is described in paragraphs 5.1 - 5.8. The number of defects found in excess of the maximum error rate is used to determine the payment amount. This payment calculation method is used for Required Services No. 1 through 7.

4.2.1.3 For those services that are performed less frequently than monthly, surveillance and computation of the Contractor's payment will be made during or immediately following the month when that service is performed.

4.3 The Contractor's performance will be evaluated quarterly to determine if an incentive payment is due. See Section 5.8 for an example of an incentive payment.

5. INSPECTION PROCEDURES AND EXAMPLES OF PAYMENT COMPUTATIONS FOR ALL REQUIRED SERVICES

5.1 Required Service 1 (RS-1): Safe, Orderly and Efficient Pedestrian Traffic Management in Ticket Sales Area

Method of Surveillance: Statistical Random Physical Inspections of ticket sales areas throughout the month.

Lot Size: The number of days in a month times the number of operating hours per day. This number ranges from 280 to 310.

Sample Size: 62 physical inspections per month.

Performance Requirement: Maximum Error Rate (MER) = 1 incident per month. An incident occurs when either (a) pedestrian congestion prevents or restricts access to Visitor's Center facilities, and the cause of the congestion is within the PA's control or (b) waiting time to purchase a tour ticket is in excess of 15 minutes. Performance is acceptable when 1 or fewer incidents occur during a month. Performance is unacceptable when 2 or more incidents occur during a calendar month. Performance is superior when no reportable incidents occur during an entire quarter.

Phase-in Period: During the first month of the contract, performance is acceptable when 2 or fewer incidents, as defined above, occur during the month.

Sampling Procedure: At the beginning of the month, list all operating hours for each day of the month on a sheet of ruled paper. Beginning with the number 100, establish guide numbers by numbering the lines of the paper to correspond with the hours of each day. Using the random number table, select a quantity of guide numbers equal to the sample size. The hours of the days corresponding to the selected guide numbers indicate when the random physical inspections will be made.

Inspection Procedure: Inspect the areas of the Visitor's Center facilities that are being used for ticket sales. Measure and document the length of time visitors spend waiting in line to purchase tickets. Observe the area to determine if any congestion is present that restricts or prevents access to Visitor's Center facilities. If any such congestion exists, determine if ticket sales operations are the cause of the congestion. Document any congestion that could have been prevented by the PA.

Deduction for Unacceptable Performance: 5% of maximum monthly payment for each incident in excess of the maximum error rate.

5.1.1 EXAMPLE 1 - ACCEPTABLE PERFORMANCE: Maximum monthly payment for acceptable performance of required service 1 is \$1,000.00. One incident occurred within the month.

(1) Maximum payment for acceptable service	\$1,000.00
(2) No incidents occurred in excess of the MER	
(3) Payment to the Contractor for this Service	\$1,000.00

5.1.2 EXAMPLE 2 - UNACCEPTABLE PERFORMANCE: Maximum monthly payment for acceptable performance of required service 1 is \$1,000.00. Three incidents occurred within the month.

(1) Maximum payment for acceptable service	\$1,000.00
(2) Two incidents occurred in excess of the MER, each subtracts 5% from the maximum payment for a total of $2 \times 5\% = 10\%$ deduction	
(3) Deduct amount is $10\% \times \$1,000.00 = \100.00	<u>- 100.00</u>
(4) Payment to the Contractor for this Service	\$ 900.00

5.2 Required Service 2 (RS-2): Integrate the number of On-Site and Reserved Tour Tickets Sold

Method of Surveillance: The primary method of surveillance will be Statistical Random Inspections. Complaints from Visitors and Lead Guides will also be considered.

Lot Size: The number of days in a month times the number of operating hours per day. This number ranges from 280 to 310.

Sample Size: 31 inspections per month.

Performance Requirement: MER = 1 tour overbooked per month for reasons that were within the control of the PA. A tour is overbooked anytime that more than the maximum number of available tour tickets are sold for that tour. Performance is acceptable when 1 or fewer tours are overbooked during a month. Performance is unacceptable when 2 or more tours are overbooked during a calendar month for reasons that were within the control of the PA. Performance is superior when no tours are overbooked, for reasons that were within the control of the PA, during an entire quarter.

Phase-in Period: During the first month of the contract, performance is acceptable when 2 or fewer tours are overbooked during a calendar month for reasons that were within the control of the PA.

Sampling Procedure: At the beginning of the month, list all operating hours for each day of the month on a sheet of ruled paper. Beginning with the number 100, establish guide numbers by numbering the lines of the paper to correspond with the hours of each day. Using the random number table, select a quantity of guide numbers equal to the sample size. The hours of the days corresponding to the guide numbers indicate when the random inspections will be made.

Inspection Procedure: Review the number of tour tickets that have been sold for all tours that are scheduled during the hour of inspection. For all tours during the hour that are at 100% of capacity, observe the start of the tour. Document any incidents where more visitors had tickets for a particular tour than spaces were available on the tour. Document any unscheduled tours that had to be given to accommodate visitors with pre-sold, reserved tour tickets. Investigate and document the cause of any incident that occurs.

Customer Complaints: Document any complaints from visitors or lead guides that more than the maximum number of available tickets were sold for a tour. Document any complaints from visitors or the lead guides that extra, unscheduled tours had to be given to accommodate visitors with pre-sold, reserved tour tickets. Investigate and document the cause of any incident that occurs.

Deduction for Unacceptable Performance: When 1 to 20 tickets are sold in excess of the number available, the deductions shall be 25% of Per Ticket Contractor Payment for each ticket sold in excess of the number available. When 21 to 80 tickets are sold in excess of the number available, the deductions shall be 50% of Per Ticket Contractor Payment for each ticket sold in excess of the number available. When more than 80 tickets are sold in excess of the number available, the deductions shall be 75% of Per Ticket Contractor Payment for each ticket sold in excess of the number available.

5.2.1 EXAMPLE 1- ACCEPTABLE PERFORMANCE: Monthly maximum payment amount for acceptable performance of required service 2 is \$1,000.00. During the month one tour had more tickets sold than the maximum number available for that tour.

(1) Maximum payment for acceptable service	\$1,000.00
(2) MER was not exceeded	
(3) Payment to the Contractor for this Service	\$1,000.00

5.2.2 EXAMPLE 2 - UNACCEPTABLE PERFORMANCE: Monthly maximum payment amount for acceptable performance of required service 2 is \$1,000.00. The Per Ticket Contractor Payment for each ticket sold is \$0.10. During the month two tours had more tickets sold than the maximum number available for those tours. A total of 35 tickets were sold in excess of the maximum number available during the month.

(1) Maximum payment for acceptable service	\$1,000.00
(2) Deduct amount is $35 \times 50\% \times \$0.10 = \1.75	- 1.75
(3) Payment to the Contractor for this Service	\$ 998.25

5.3 Required Service 3 (RS-3): On-Site and Reserved Ticket Sales Available Seven Days a Week

Method of Surveillance: Statistical Random Physical Inspections of ticket sales areas throughout the month. Customer Complaints will also be considered.

Lot Size: The number of days in a month times the number of operating hours per day. This number ranges from 280 to 310.

Sample Size: 31 inspections per month.

Performance Requirement: Maximum Error Rate (MER) = 30 minutes of contingency operations per month due to Contractor's equipment failure, labor or material shortage. Performance is acceptable when 30 minutes or less of contingency operations due to Contractor's equipment failure, labor or material shortage occur per month. Performance is unacceptable when more than 30 minutes of contingency operations due to Contractor's equipment failure, labor or material

shortage occur per month. Performance is superior when no contingency operations are required during a quarter due to Contractor's equipment failure, labor or material shortage.

Phase-in Period: During the first month of the contract, performance is acceptable when 60 minutes or less of contingency operations due to Contractor's equipment failure, labor or material shortage occur per month.

Sampling Procedure: At the beginning of the month, list all operating hours for each day of the month on a sheet of ruled paper. Beginning with the number 100, establish guide numbers by numbering the lines of the paper to correspond with the hours of each day. Using the random number table, select a quantity of guide numbers equal to the sample size. The hours of the days corresponding to the selected guide numbers indicate when the random physical inspections will be made.

Inspection Procedure: Inspect the areas of the Visitor's Center facilities that are being used for ticket sales. Document any times when the ticketing system is not operational. Determine and document the reason that the ticketing system is not operational and the length of time for which it was not operational. Review the Contingency Operations Journal submitted by the Contractor monthly. Ensure that all occurrences of ticketing system failure are logged. Determine and document the amount of time during the month that the ticketing system was not operational due to Contractor's equipment failure, labor or material shortage.

Deduction for Unacceptable Performance: 10% of maximum monthly payment when contingency operations were necessary for a total of 31- 60 minutes during the month due to Contractor's equipment failure, labor or material shortage. 25% of maximum monthly payment when contingency operations were necessary for a total of 61- 180 minutes during the month due to Contractor's equipment failure, labor or material shortage. 50% of maximum monthly payment when contingency operations were necessary for a total of more than 180 minutes during the month due to Contractor's equipment failure, labor or material shortage.

5.3.1 EXAMPLE 1- ACCEPTABLE PERFORMANCE: Monthly maximum payment amount for acceptable performance of required service 2 is \$1,000.00. Ten minutes of contingency operations occurred within the month.

(1) Maximum payment for acceptable service	\$1,000.00
(2) MER was not exceeded	
(3) Payment to the Contractor for this Service	\$1,000.00

5.3.2 EXAMPLE 2 - UNACCEPTABLE PERFORMANCE: Monthly maximum payment amount for acceptable performance of required service 2 is \$1,000.00. 120 minutes (two hours) of contingency operations occurred within the month.

(1) Maximum payment for acceptable service	\$1,000.00
(2) Deduct amount is 25% X \$1,000.00 = \$250.00	<u>- 250.00</u>
(3) Payment to the Contractor for this Service	\$ 750.00

5.4 Required Service 4 (RS-4): Collect Fees in Accordance with Government Policy

Method of Surveillance: 100% Inspection of the Daily Reports required by PWS Section 5.4.4.1 and Monthly Reports required by PWS Section 5.4.4.3. Periodic inspections of actual cash on hand may also be performed.

Lot Size: The number of days in a month.

Sample Size: The number of days in a month.

Performance Requirement: Fees collected shall equal fees due for the month in accordance with the Hoover Dam Fee Schedule and Refund Procedures. Performance is acceptable when there are no cumulative overages or shortages for the month and daily overages or shortages do not exceed \$100.00 for any one day. Performance is unacceptable when there are cumulative overages or shortages for the month or daily overages or shortages exceed \$100.00 for any one day. The cumulative monthly overage or shortage is the sum of all daily overages and shortages.

Inspection Procedure: Review the daily reports submitted each day by the Contractor to verify that the fees collected equal the fees due and to determine the amount of the daily overage or shortage. Document any days that have an overage or shortage of more than \$100.00. Review the monthly reports submitted by the Contractor each month to verify that the fees collected equal the fees due and to determine the amount of the monthly overage or shortage. Document the amount of any monthly overage or shortage.

Deduction for Unacceptable Performance: For each day that has an overage or shortage of more than \$100.00, 1% of the maximum monthly payment will be deducted. The amount of the deduction for any cumulative monthly overage or shortage will be based on the maximum monthly payment **less** any deductions for daily overages or shortages in excess of \$100.00. For monthly overages/shortages between \$1.00 and \$50.00, a 2.5% deduction will apply. For monthly overages/shortages between \$50.01 and \$100.00, a 10% deduction will apply. For monthly overages/shortages of more than \$100.00, a 50% deduction will apply.

5.4.1 EXAMPLE 1 - ACCEPTABLE PERFORMANCE: Maximum monthly payment for acceptable performance of required service 3 is \$1,000.00. Ten days during the month had a daily

overage or shortage that was less than \$100.00. The cumulative monthly overage/shortage was \$0.00.

(1) Maximum payment for acceptable service	\$1,000.00
(2) Daily overages/shortages were within the MER	
(3) No monthly overage/shortage	
(4) Payment to the Contractor for this Service	\$1,000.00

5.4.2 EXAMPLE 2 - UNACCEPTABLE PERFORMANCE: Maximum monthly payment for acceptable performance of required service 3 is \$1,000.00. Four days during the month had a daily overage or shortage of more than \$100.00. The cumulative monthly overage/shortage was \$75.00.

(1) Maximum payment for acceptable service	\$1,000.00
(2) Daily overage/shortage deduction = 4 X 1% X \$1,000.00 = \$40.00	<u>- 40.00</u>
(3) Remaining maximum payment amount	\$ 960.00
(4) Monthly overage/shortage deduction = 10% X \$960.00 = 96.00	<u>- 96.00</u>
(5) Payment to the Contractor for this Service	\$ 864.00

5.5 Required Service 5 (RS-5): Remit Fees Collected and Accepted to the Government

Method of Surveillance: The primary method of surveillance will be 100% Inspection of the Daily Reports required by PWS Section 5.4.4. Periodic inspections of actual cash on hand may also be performed.

Lot Size: The number of business days in a month.

Sample Size: The number of business days in a month.

Performance Requirement: All fees collected shall be deposited in an account specified by the Government upon award of this contract in a Federally Insured Financial Institution within one business day of collection or acceptance. If the following day is a bank holiday or weekend day, the Contractor will deposit the funds the next business day. MER = 1 day's fees remitted 1 day late, i.e. on the second business day after collection or acceptance. Performance is acceptable when no more than one day's fees for the month are deposited one business day late. Performance is unacceptable when more than one day's fees for the month are deposited late or if one day's fees are deposited later than two business days after collection or acceptance. Performance is superior when all daily revenues for the quarter were deposited within one business day after collection or acceptance.

Inspection Procedure: Review the daily reports and bank deposit records submitted each day by the Contractor to verify that the fees collected and other revenues accepted equal the fees deposited and that the fees collected and accepted were deposited within one business day. Document any occurrences of fees deposited not equal to the fees collected and accepted or fees deposited more than one business day after collection or acceptance.

Deduction for Unacceptable Performance: When a second day in the month has its fees deposited later than one business day after collection, or one day's fees are not deposited until the third business day after collection, the deduction amount will be 25% of the maximum monthly payment amount. When a third day in the month has its fees deposited later than one business day after collection, or one day's fees are not deposited until the fourth business day after collection, the deduction amount will be 50% of the maximum monthly payment amount. When a fourth day in the month has its revenues deposited later than one business day after collection, or one day's revenues are not deposited until the fifth business day after collection, the deduction amount will be 75% of the maximum monthly payment amount. When a fifth day in the month has its revenues deposited later than one business day after collection, or one day's revenues are not deposited until the sixth business day after collection, the deduction amount will be 100% of the maximum monthly payment amount.

5.5.1 EXAMPLE 1 - ACCEPTABLE PERFORMANCE: Maximum monthly payment for acceptable performance of required service 4 is \$1,000.00. One day's fees were deposited on the second business day after collection or acceptance.

(1) Maximum payment for acceptable service	\$1,000.00
(2) No deposits exceeded the MER	
(3) Payment to the Contractor for this Service	\$1,000.00

5.5.2 EXAMPLE 2 - UNACCEPTABLE PERFORMANCE: Maximum monthly payment for acceptable performance of required service 4 is \$1,000.00. Two day's fees were deposited on the second business day after collection or acceptance.

(1) Maximum payment for acceptable service	\$1,000.00
(2) One deposit exceeded the MER	
(3) Deduct amount is 25% X \$1,000.00 = \$250.00	<u>- 250.00</u>
(4) Payment to the Contractor for this Service	\$ 750.00

5.6 Required Service 6 (RS-6): Maintain Complete and Accurate Financial Records

Method of Surveillance: 100% Inspection of the Reports required by PWS Section 5.4.4.

Lot Size: The number of days in a month.

Sample Size: The number of days in a month.

Performance Requirement: Financial records shall equal fees remitted to the Government and shall be in accordance with Generally Accepted Accounting Procedures. Performance is acceptable when 100% of required records are complete and accurate. At the Government's election, the Contractor may be allowed to correct any deficiencies found within 3 calendar days of notification of the defect. The Contractor will be credited for correcting deficient reports within 3 calendar days. Performance is unacceptable when less than 100% of required records are complete and accurate and deficient reports are not corrected within 3 calendar days. Performance is superior when 100% of required records are complete and accurate when submitted, with no deficiencies found, for an entire quarter.

Inspection Procedure: Review all required daily, monthly, quarterly and annual reports submitted by the Contractor to verify that the records are complete and accurate. Document any deficiencies found and the date and time when the Contractor was notified to correct the deficiency.

Deduction for Unacceptable Performance: For the purposes of payment deductions, all seven daily reports will be considered as one report, the two monthly reports will be considered as one report, the two quarterly reports will be considered as one report and the annual report will be considered as one report. 10% of the maximum payment amount will be deducted for each report that remains deficient for more than 3 calendar days.

5.6.1 EXAMPLE 1 - ACCEPTABLE PERFORMANCE: Maximum monthly payment for acceptable performance of required service 5 is \$1,000.00. Two deficient reports were found. All three were corrected within 3 calendar days.

(1) Maximum payment for acceptable service	\$1,000.00
(2) All deficiencies were corrected in a timely manner	
(3) Payment to the Contractor for this Service	\$1,000.00

5.6.2 EXAMPLE 2 - UNACCEPTABLE PERFORMANCE: Maximum monthly payment for acceptable performance of required service 5 is \$1,000.00. Two reports remained deficient for 10 days.

(1) Maximum payment for acceptable service	\$1,000.00
(2) Deduction = $2 \times 10\% \times \$1,000.00 = \200.00	<u>- 200.00</u>
(3) Payment to the Contractor for this Service	\$ 800.00

5.7 Required Service 7 (RS-7): Submit Complete and Accurate Financial Records When Due

Method of Surveillance: 100% Inspection of the Reports required by PWS Section 5.4.4.

Lot Size: The number of days in a month.

Sample Size: The number of days in a month.

Performance Requirement: Financial records shall be submitted in accordance with the time frames specified in PWS Section 5.4.4. MER = 3 late report-days per month. Performance is acceptable when daily reports are submitted with 3 or fewer late report-days and monthly, quarterly and annual reports are submitted in accordance with PWS Section 5.4.4. Performance is unacceptable when daily reports are submitted with more than 3 late report-days or when monthly, quarterly or annual reports are submitted after they are due. For the purposes of defining report-days, all seven daily reports will be considered as one report. A late report-day is defined to be one report submitted one day late. 3 report-days equal one report turned in 3 days late or 3 reports, each turned in one day late. Performance is superior when there are no late report-days for the quarter and all monthly, quarterly and annual reports due for the quarter are submitted within the time frames specified in PWS Section 5.4.4.

Inspection Procedure: Review all required daily, monthly, quarterly and annual reports submitted by the Contractor to verify that the records were submitted when due. Document any late report-days.

Deduction for Unacceptable Performance: 5% of the maximum monthly payment amount will be deducted for each late report-day in excess of the MER. The amount of the deduction for any late monthly, quarterly, or annual reports will be based on the maximum monthly payment **less** any deductions for excess late report-days. For monthly, quarterly or annual reports that are submitted from 1 to 7 days past their due date, a 25% deduction will apply. For monthly, quarterly or annual reports that are submitted from 8 to 14 days past their due date, a 50% deduction will apply. For monthly, quarterly or annual reports that are submitted 15 or more days past their due date, a 75% deduction will apply.

5.7.1 EXAMPLE 1 - ACCEPTABLE PERFORMANCE: Maximum monthly payment for acceptable performance of required service 6 is \$1,000.00. Two daily reports were submitted one day late each, this equals 2 late report-days. All monthly, quarterly or annual reports due were submitted on time.

(1) Maximum payment for acceptable service	\$1,000.00
(2) 2 late report-days does not exceed the MER	
(3) Payment to the Contractor for this Service	\$1,000.00

5.7.2 EXAMPLE 2 - UNACCEPTABLE PERFORMANCE: Maximum monthly payment for acceptable performance of required service 6 is \$1,000.00. Four daily reports were turned in one day late each. One daily report was turned in two days late. This equals $4 + 2 = 6$ late report-

days, 3 late report-days more than the MER. The monthly report was turned in 5 days past its due date.

(1) Maximum payment for acceptable service	\$1,000.00
(2) Deduction for late report-days = 3 X 5% X \$1,000.00 = \$150.00	- 150.00
(3) Remaining maximum payment amount	\$ 850.00
(4) Deduction for late monthly report = 25% X \$850.00 = 212.50	- 212.50
(5) Payment to the Contractor for this Service	\$ 637.50

5.8 Superior Performance

Contractor performance will be evaluated on a quarterly basis to determine if the requirements for superior performance have been met.

Method of Surveillance: 100% inspection of all records evaluating contractor performance for the quarter.

Lot Size: The number of records evaluating contractor performance for the quarter.

Sample Size: The number of records evaluating contractor performance for the quarter.

Performance Requirement: Performance is superior when all of the following requirements are met:

- 1) No incidents occur when either (a) pedestrian congestion prevents or restricts access to Visitor's Center facilities, and the cause of the congestion is within the PA's control or (b) waiting time to purchase a tour ticket is in excess of 15 minutes.
- 2) No incidents occur when more than the maximum number of available tour tickets are sold.
- 3) No contingency operations are required during a quarter due to Contractor's equipment failure, labor or material shortage.
- 4) All daily fees for the quarter were deposited within one business day after collection or acceptance.
- 5) 100% of records required by PWS Section 5.4 for the quarter are complete and accurate when submitted, with no deficiencies found.
- 6) There are no late report-days for the quarter and all monthly, quarterly and annual reports due for the quarter are submitted within the time frames specified in PWS Section 5.4.4.

Inspection Procedure: Review all records evaluating contractor performance for the quarter. Document findings.

Incentive for Superior Performance: 5% of the maximum monthly payment amounts for all line items due for the quarter.

5.8.1 EXAMPLE 1 - SUPERIOR PERFORMANCE: The sum of all maximum payment amounts for all line items due for the quarter is \$6,000. All performance requirements were met for superior performance for the entire quarter.

(1) The 2 line items for Month 1 totaled \$2,000 (\$1,000 for On-Site and Reserved Ticket Sales and \$1,000 for Financial Management)	\$2,000.00
(2) The 2 line items for Month 2 totaled \$2,000 (\$1,000 for On-Site and Reserved Ticket Sales and \$1,000 for Financial Management)	\$2,000.00
(3) The 2 line items for Month 3 totaled \$2,000 (\$1,000 for On-Site and Reserved Ticket Sales and \$1,000 for Financial Management)	\$2,000.00
(4) Maximum payment for the quarter for acceptable service	<u>\$6,000.00</u>
(5) Incentive payment is 5% X \$6,000.00 = \$300.00	<u>+ 300.00</u>
(6) Total Payment to the Contractor for the Quarter	\$6,300.00

6. RANDOM NUMBER TABLE

The following information is excerpted from Air Force Manual 64-108.

6.1 To use the random number table, begin by picking at random a group of numbers on any page of the table. This is usually done by closing the eyes and pointing with a pencil or finger to some initial group.

6.2 To identify additional random numbers, follow a pattern. Use various patterns for selection of individual samples. For example, go along a given line to its end and then along the next line to its end and so on through the table until enough numbers have been selected or until the table ends. If the table ends and you still need more numbers, go back to the beginning of the table and continue using the same pattern. Examples of alternate patterns are to go down columns or to go diagonally across the table.

6.3 When the chosen pattern results in selection of a number that is outside the lot size range, do not take that number. Go on to the next number in the pattern for the next sample. For example, if you were identifying random numbers for sampling of 100 work orders numbered between 200 and 300 and the number randomly selected from the table was 199, simply go to the next number in the pattern until you get a number between 200 and 300.

6.4 In most cases, the sample being selected will be represented by a number of less than 5 digits; for example, 3-digit work order numbers, building numbers, or days of the month. In those cases, simply use only the number of digits from the numbers in the random number tables as are required. For example, if you were selecting days of the month as a sample, use only the last 2 digits of the numbers selected. For work orders numbered with 3 digits, use the last three or the first three. It makes no difference which positions you use, however, once you begin selecting numbers, stay with the same sequence until all required numbers are drawn.

6.5 It is very important to document your selections and how they were made. Document your patterns, starting and ending points, and numbers drawn and file it with the official quality assurance/inspection files. This information may be used at a later date to substantiate the Government's position on a Contractor's claim or protest action.